

District 10 News

International Association of Machinists & Aerospace Workers

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Employers and labor meet to change the health care system

Rising health care costs are the number one issue in contract negotiations, so Tom Lesch, director of Machinists District 10, invited all of its employers to sit down and talk about ways to solve the problem and perhaps change the system.

On January 23, a group of 60 met at the Machinists to ask what can be done to control health care costs. "Our costs jumped 45 percent last year. That's \$108,000," Lesch said about the policy that covers the District's employees, retirees and families. Every employer's health care costs have gone up dramatically. To correct this Lesch suggested creating a pool to spread out the costs, and use the leverage of the large group to buy services and drugs at big discounts. Lesch favors a mandatory, state-wide plan, paid for by the employer that covers every employee similar to workers' compensation. Stating that Wisconsin was the first to develop workers' compensation and unemployment compensation, why can't it be the first to create a health care system for all workers and their families, a Wisconsin universal health plan? Employees would pay through co-pays on certain things and pay 100 percent if they went outside the network.

State Senator Brian Burke, chair of the Senate Finance Committee, told the attendees that whatever idea or plan you come up with we'll have drafted. It can be introduced in Madison as a separate piece of legislation or as an amendment to the budget adjustment bill.

In a recent meeting Gov. Scott McCallum assured Lesch he'd sign a bill of this type, if it didn't create a new bureaucracy, and the legislature passed it.

The employers nodded in agreement when Lesch talked about the large increase in District 10's premium, they wrestle with it and they also know that one third of the cost is prescription drugs. A lot of the blame goes to the pharmaceutical companies whose slick ads convince people that they need that pretty purple pill or whatever it is they are pushing. Doctors who push the brand names offered by the highly paid pharmaceutical sales representatives, instead of generic drugs are responsible too. To see the profit in drugs, you only have to look at all the new Walgreen drug stores, said Lesch. Hospitals are to blame as they build more parking structures, and medical office buildings. Health care systems like Aurora, Horizon and Covenant are to blame as they compete for your health care dollar by building more elaborate clinics. The latest thing in Milwaukee is specialty hospitals one for heart and another for orthopedic care. These hospitals are owned by groups of doctors who want a bigger slice of the pie. Administrative costs and the duplication of services are also major factors driving up the costs. "It's our unlimited demand for services," said an employer who cited liver transplants that costs \$1.5 million.

All these reasons drive up the premiums, but, if Wisconsin's 130,000 private businesses employing 2.4 million people were in one pool they would have the leverage to purchase medical services, and prescription drugs at their lowest rates. Think of the possibilities if you add all of the public employees to that pool. This meeting was to get some movers and shakers talking about finding a

solution, the devil will be in the details they admit, but it' doesn't hurt to try.

Mercury Marine in Fond du Lac opened its own clinic, hired three doctors and physician assistants and opened it to other large employers in the area. It's a numbers game said the representative from Mercury, "The larger the purchasing pool, the more leverage you have."

A former member of Family Health Plan's board of directors, Lesch said the failed HMO bought prescription drugs cheaper than hospitals did, because it had 70,000 members. Health care cost containment is a huge problem, even joint labor and management plans are in trouble. Last year, the entire pay increase negotiated for plumbers, plus a \$300 assessment, went into the health care plan. Mandating health care for all in Wisconsin public and private alike won't work one employer said, the gas station and the donut shop owner can't afford it. Lesch replied you pay for the uninsured now, through Medicaid and BadgerCare. Under the present system small employers, like the gas station owner can't even buy coverage. The insurance companies don't want them because if there is one high cost surgery or one premature baby in the group it skews the numbers. "We use a buyer's group to buy steel and save 40 to 50 percent. Why not drugs or health care," said another machinist employer.

The State AFL-CIO chief lobbyist Phil Neuenfeldt said, "We need to start a dialogue and put pressure on legislators. You know there will be opposition from hospital groups and insurance companies. "You know there will be opposition from hospital groups and insurance companies. But, this is a historic meeting. It's the first time so many employers and labor have sat down to talk about the issue. "Governor McCallum and every Democratic candidate for governor is committed to this issue," he said.

As the meeting came to an end employers were signing on to form a committee to look into this important issue.

Wisconsin has:

- 130,100 private businesses employing 2.4 million people
- 102,800 or 79% are small employers (fewer than 50)
- 27,300 or 21% are large employers
- 805,200 people work for small employers and 1,588,200 work for large employers
- 90% of Wisconsin's workforce had some health insurance in 1998 (the latest figures available) of those 98% work for large employees and 46% for small employers
- 23% (about 500,000) of these employees were not eligible for coverage offered by their employer, and 35% of them worked for small employers.
- 267,200 workers declined coverage when offered. (These are not necessarily uninsured they may be covered through a spouse, other family members or a public program, such as Medicaid or BadgerCare.
- Nearly 1.4 million of the 2.4 million employees in Wisconsin were covered by health

insurance through their employer in 1998, about one million were not covered.

Source: Wisconsin Department of Health and Family Services as the meeting came to an end employers were signing on to form a committee to look into this important issue.

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